

## **Medicare Rx Update: May 9, 2005**

### **Countdown to Medicare Rx implementation...**

As CMS Administrator Mark B. McClellan has reported, the new Medicare Drug benefit will be implemented "on schedule and on time" beginning January 1, 2006.

However, there is still a lot that we have to do here at CMS to remain on schedule... and there is a lot you have to understand and do to be ready to deliver this historic new benefit to Medicare beneficiaries. In order to provide you with information on what is coming over the next several months, we are launching a new weekly communication vehicle designed specifically for pharmacy partners. Each week, we will be providing new information about the Medicare drug benefit so you may begin to provide information to pharmacists and others who will be asked to explain the benefit to Medicare beneficiaries.

In the coming weeks we will cover the timeline, the basics of the benefit, the low-income subsidy, frequently asked questions and other fundamentals about the new Medicare drug benefit. We are also in the process of establishing a web-page designed to highlight pharmacy specific information. But let's start with where we are right now...

### **No plans have been approved as Medicare Drug Plans yet...**

Plan applications are in and plan formularies are now being evaluated. However, plan bids are not due until June 6th and plan contracts will not be signed until the beginning of September. After plan contracts are signed, plan marketing will begin on October 1 and enrollment will begin on November 15th. However, Medicare beneficiaries will probably be asking pharmacists about the Medicare drug benefit beginning in late May, so you must be prepared!!

### **...So why will beneficiaries be asking pharmacists about Medicare drug benefits in May?**

The new Medicare drug program will provide a generous drug benefit to all eligible Medicare beneficiaries, but it will provide extra help to those who have limited incomes. The following chart gives an overview of who might qualify for this extra help and drug costs depending on the level of extra help:

### EXTRA HELP: Three Levels

Annual income, resources, and family size determine eligibility.

The table below is an approximate guide.\*

Eligibility	Status	Income**	Resources***	Premium	Deductible	Copay
Medicare & Medicaid	Single	<\$9,570	N/A	\$0	\$0	\$1/\$3
Medicare & Medicaid	Married	<\$12,830	N/A	\$0	\$0	\$1/\$3
Full Subsidy (non-Medicaid)	Single	<\$12,919	<\$7,500	\$0	\$0	\$2/\$5
Full Subsidy (non-Medicaid)	Married	<\$17,320	<\$12,000	\$0	\$0	\$2/\$5
Partial Subsidy (non-Medicaid)	Single	<\$14,355	<\$11,500	Sliding	\$50	15%
Partial Subsidy (non-Medicaid)	Married	<\$19,245	<\$23,000	Sliding	\$50	15%

\* Income and resource levels higher in Alaska and Hawaii.

\*\* Add \$3,500 for each dependent.

\*\*\* Resources do not include your home, vehicles, burial plot, or personal possessions.

Indeed, we estimate that some 14.4 million Medicare eligibles will qualify for this special assistance... which could be worth up to \$4,000 per year.

Medicare beneficiaries fully eligible for Medicare and Medicaid, as well as beneficiaries, who receive Supplemental Security Income (SSI) or are enrolled in Medicare Savings Plans (MSPs), automatically qualify for the subsidy and will receive a letter from CMS explaining their status. However, an estimated 8 million or so beneficiaries whose incomes are up to 150% of the federal poverty level may qualify for extra help but will have to apply for this special assistance. At the end of this month, SSA will begin mailing low income subsidy (LIS) applications to nearly 20 million Americans who may be eligible for the LIS. [A sample SSA letter can be found on the Social Security website.](#) This mailing will continue throughout the summer on a staggered basis.

SSA has developed extensive educational and training programs that are available through the [SSA website](#). CMS is partnering with SSA to provide beneficiaries as much information as possible to make this application process as easy as possible for them.

### The education process begins.

No matter how well the forms and materials are designed or explained, beneficiaries will likely have questions about their LIS applications, the process and the drug benefit itself... and they will likely turn to their local pharmacist for help. Our goal is to make sure you have the tools and information to be able to answer those questions and be as helpful to our beneficiaries as possible. If you haven't visited

the SSA website yet, please do so soon. Additionally, the CMS website has a wealth of information about the new Medicare drug benefit.

Thanks again for partnering with CMS in this education and communication effort as we prepare for the implementation of the new drug benefit.

**Receive the Medicare Rx Update by E-mail**

Visit the CMS Mailing Lists webpage to sign up for the Pharmacy MMA mailing list. List subscribers will receive the Medicare Rx Update by e-mail, as well as periodic announcements from CMS about Medicare Prescription Drug Coverage.